



Posted on Sat, May. 15, 2004

LEADER
HERALD-LEADER

Bingo hall operators arrested

Frankfort couple charged with diverting \$300,000

By Steve Lannen
CENTRAL KENTUCKY BUREAU

Allegations of a complex scheme involving bingo halls, charities and hundreds of thousands of dollars landed a Frankfort couple in jail yesterday.

Steve and Brenda Hall are charged with criminal syndication and diversion of more than \$300,000 to individuals instead of charities during the past two years. A Bourbon County grand jury indicted them earlier this week and state officials suspended their gaming licenses.

Officers of several charities who worked with the Halls could still be implicated. Investigators are examining the involvement of 10 charities, including seven American Legion posts or programs.

"We have every reason to believe more indictments will follow" as the investigation continues, said Chris Stallings, staff attorney and spokesman for the state's Office of Charitable Gaming in Frankfort.

While the charities themselves might do good work, "organizations are run by individuals, and at times they do not have the organization's best interests at heart," he said.

Police arrested the Halls early yesterday in Frankfort. They were later taken to the Bourbon County jail where they bonded out yesterday afternoon.

In an interview, Steve Hall denied the charges and described them as politically motivated.

The Halls own Bingo Enterprises Inc., which operates bingo centers in Paris, Maysville and Shelbyville. The couple are accused of orchestrating payments to workers, some as much as \$15,000 annually, to work bingo nights. They also allegedly provided several of the workers to charity organizations who are normally responsible for staffing bingo sessions to raise money for their groups.

The Halls then used the charities to funnel payments to workers, according to Stallings and an emergency order suspending the Halls' gaming license. The order was submitted by state officials yesterday.

Under state law, charitable gaming is a strictly volunteer operation with all profit expected to go to the charity, Stallings said. The law also bars bingo hall operators from involving themselves in gaming or advising a charity on ways to manage the money.

In the Halls' case, they allegedly managed the gaming, instructed the charities to make false donations to other charities as part of the worker payment scheme and required charities to use a certain distributor to purchase bingo supplies and pull-tab card games.

The distributor, Bingo Direct, used to be owned by the Halls until a change in state law forced them to sell the business, Stallings said. It's thought that Bingo Direct charged charities inflated prices for supplies and then kicked back money to the Halls, Stallings said.

Steve Hall denied that allegation and said charities often used other bingo distributors. He denied the other charges as well. "We haven't done anything but provide charities a place to do bingo," he said.

Hall thinks the charges are retaliation for complaints registered with Gov. Ernie Fletcher's staff about the length of time it takes for charities to receive gaming licenses from the charitable gaming office.

"Some of them waited seven, eight, nine, 10 months," Hall said. "There's a lot of unfair stuff that goes on in charitable gaming."

Stallings laughed at that assertion. He said the investigation began nearly two years ago in response to complaints from bingo players and volunteers who "thought the Halls' involvement was too extensive and too invasive, and must be illegal."

American Legion officials at the state office in Louisville could not be reached yesterday, but an Office of Charitable Gaming press release indicated they were cooperating.

Charitable gaming is big business. In 2002, charitable gaming in Kentucky generated more than \$608 million in gross receipts with more than \$50 million going to charities, Stallings said.

Payment of volunteers is a common complaint at the Office of Charitable Gaming, Stallings said. Similar investigations are under way, he added.

"I think this indictment should send a very strong message," he said.

Reach Steve Lannen in the Herald-Leader's Georgetown bureau, (502) 867-1354 or e-mail slannen@herald-leader.com.